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INFO RUEHBO/AMEMBASSY BOGOTA 4325
RUEHBR/AMEMBASSY BRASILIA 7204
RUEHCV/AMEMBASSY CARACAS 0137
RUEHLP/AMEMBASSY LA PAZ FEB MONTEVIDEO 9106
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SUBJECT: GARCIA RE-CENTRALIZES DECENTRALIZATION

REF: 06 LIMA 4519 (AND PREVIOUS)

Sensitive But Unclassified. Please handle accordingly.

1. (SBU) Summary: The Garcia government in late January formally placed the bureaucratic entity responsible for decentralization into the Council of Ministers structure. Some observers emphasize the irony that the central government has reasserted control over a mechanism intended to distribute authority to regions and municipalities, others believe decentralization will now have the high-level political attention it needs, while many see the government's move as politically heavy-handed whatever its longer term effects. End Summary.

2. (U) The GOP on 1/25 merged the previously independent National Decentralization Council (CND) into the Council of Ministers (PCM), the cabinet structure presided over by President Garcia. (The CND was created in 2002 to guide the political, economic, and administrative decentralization process; the Executive Board included local and regional leaders.) This move increases the President's control over the faltering decentralization process and, according to critics, eliminates an "autonomous" forum for regional and local governments to discuss decentralization policy among themselves and with the central government. Some observers have highlighted the irony that decentralization appears to have been "recentralized," and questioned the legality of the executive decree given that the CND was created by an organic law in Congress.

3. (U) The President, Prime Minister, and other APRA politicians have defended the move. The Prime Minister said the "fusion by absorption" of the CND would eliminate duplication and promote decentralization by giving the Prime Minister policy oversight. More hopeful observers noted that the PCM might provide the political will needed to jumpstart the government's high priority decentralization process, which was increasingly seen as adrift. In this connection, many also agree that something needed to be done to improve the effectiveness of the weakly-led CND.

4. (SBU) Comment: Garcia announced the restructuring without consulting the CND, regional presidents, local authorities, or Congress, all of whom seemed blindsided by the decision. Regional and local leaders, the presumed central actors in any authentic decentralization process, now wonder what their role in decentralization will be and whether the central government's decision will slow the concrete transfer of functions and resources. This has raised broader questions about the President's willingness to subject policy questions to the political give-and-take necessary to build consensus,

and generated accusations of political clumsiness and heavy-handedness that could undermine the country's long-term interests in successfully decentralizing state functions, structures and resources. End Comment.

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